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SAVING-FUND LIFE-INSURANCE.

BY PLINY EARLE CHASE.

(Read before the American Philosophical Society, April 3d, 1874.)

Elizur Wright, the eminent Actuary and formerly State Commissioner of Life Insurance for Massachusetts, has proposed a combination of Saving Fund and Life Insurance, to dispense with the extravagant commissions of canvassers, and with other enormous expenses incident to the present competitive system. If sufficient business could be secured, there can be no doubt that such a combination would work admirably. In order to float a company until a paying business is established, Mr. Wright proposes to start with a capital of \$500,000.

But capitalists are timid in regard to untried enterprises, especially when it is proposed to enter a business field without resorting to any of the customary methods for inviting business. It may, therefore, be well to inquire if there be no other way, in which some analogous experiment may be tried safely, cheaply, fairly, beneficially, and in every way satisfactorily.

Life Insurance is the safest of all kinds of underwriting. The risks are known with greater certainty, the contingencies of extraordinary misfortune are fewer, the margin reserved for unforeseen calamities is more liberal, and the interest of the beneficiary in guarding the risk is greater, than in any other of the many forms of protective insurance. The only case in which a guarantee capital would be of any advantage, is when heavy losses occur before sufficient accumulations have been provided to meet them.

Saving Funds, notwithstanding their occasional failure, have long been, and will doubtless continue to be, more popular than Life Insurance Companies. They require no expensive corps of agents or canvassers, and but little advertising, especially if the interest of the benevolent can be enlisted in their behalf. This may be easily done if other advantages are added to those of an ordinary Savings Bank, and especially if the depositors and friends of the Institution can be brought to feel that the money can be withdrawn in case of pressing personal necessity, while, in case of early and unexpected death, the bereft family will be specially benefited. The proper way, therefore, to inaugurate the proposed experiment, would seem to be, to add new inducements to a system that is already cheap and popular, rather than to enter into the field of direct competition with the cumbrous and expensive organizations and appliances which have been thought necessary for the successful working of a system that is costly, and, in many respects, unpopular.

In order to secure such added advantages as I have suggested, I submit the following outline of a plan, which may, perhaps, be so modified by hints derived from the study or experience of others, as to be deemed worthy of practical trial.

1. Credit all depositors with four per cent. simple interest, and give them the right to draw upon their accounts, either under the usual re-

strictions, or subject to such regulations as may from time to time seem desirable.

2. Credit all profits to a general fund for the benefit of the family, or other specified persons, at the death of each depositor, the interest of each contributor, in the common fund, being proportional to the amount of his average deposits.

3. Encourage beneficial contributionships, of stated sums per week, month, or year, for the payment of fixed sums at the time of death, the payments being further guaranteed by a sufficient stipulated tax upon all the survivors.

4. Open accounts in accordance with the ordinary principles of Life Insurance, crediting each deposit with the amount of a fully-paid policy to which it would be entitled. These accounts will facilitate the determination, at the death of each depositor, of his interest in the common fund, and they will prepare the way for a final safe assumption of all the risks of specific Life Insurance, Endowments, Annuities, Tontines, &c.

5. Allow the beneficiaries, if they desire it, to continue their participation in the accumulated profits, for ten years after the death which gives them an interest in those profits.

6. Convince merchants, manufacturers, clergymen, and benevolent individuals generally, that the depositors in the proposed institution will receive a greater return, in case of early death or other unforeseen calamity, than they could obtain from any other source. The voluntary, unpaid recommendations, thus secured, would soon command a large and profitable business.

7. Enlist the co-operation, in the Board of Directors, of men whose reputation for tried integrity and disinterested philanthropy, will be a sufficient guarantee of wise and equitable administrations.

8. Invite an examination, by the wealthy and charitable, of the claims of the Institution for their consideration, and for a participation in their bounty. Contributions thus obtained should be added to a permanent fund, the income being used for the benefit of all the depositors.

After a sufficient capital has been accumulated, all the specific undertakings of Life Insurance and Annuity Companies could be assumed with perfect safety, and with the assurance of larger returns than any Company can now afford. A large amount of the best class of business would come from intelligent, careful men, who are influenced more by their own judgment of the merits of a system, than by the representations of canvassers. There would be no forfeiture, no anxiety from fear of inability to meet the yearly increasing burden of a large yearly premium, no doubtful hesitation about investing the unusual profits of prosperous years, no fears of pettifogging attempts to evade payment in case of death. The young, strong, industrious and prudent, whose risks are least, while their need of insurance, in case of unexpected calamity, is greatest, would contribute so large a part of the deposits, that the accumulations of the beneficiary fund would be unusually great, and all the participants would be proportionately helped thereby.